

**BOARD OF DIRECTORS' REPORT
FOR THE FINANCIAL STATEMENTS OF THE FISCAL YEAR
1st January till 31st December 2007**

To the Ordinary General Meeting of the Shareholders

Dear Shareholders,

On behalf of the Board of Directors of the SFAKIANAKIS S.A., we submit for approval the Annual Individual and Consolidated Financial Statements of the fiscal year from 1st January till 31st of December 2007. The fiscal year expired on the 31st of December 2007 is the forty seventh of the company and the seventeenth on end for the consolidated financial statements.

The present Financial Statements, as the ones of the previous fiscal year, are drawn up according to the International Financial Reporting Standards – IFRS, as adopted by EU.

The Consolidated Financial Statements include: a) the subsidiary companies that were consolidated with the complete consolidation method, that is parent company, Personal Best S.A., Panergon S.A., Executive Insurance Brokers S.A., Executive Lease S.A., Winlink S.A., Mirkat OOD and Mirkat Doel Skopje and b) the subsidiary companies that were consolidated with the equity method that is Speedex S.A., Alpan Electroline Ltd. and Athoniki Techniki S.A.

GENERAL

The significant increase presented by financial figures of SFAKIANAKIS S.A. as well as the significant increase of Suzuki's market share, for fiscal year ending on 31st December 2007 comparing to the relevant period of 2006 confirm that company's successful progress is continuing.

Suzuki new car sales amounted to 15,051 units, increased by 15.5% against the respective sales of the year 2006.

Suzuki's market share for 2007 amounted to 5.3%, increased by 17.0% against 2006, while the total of the automobile market presented an increase of only 4.5%.

The motorcycle market during 2007 moved upwards and reached 100,458 units. Suzuki with 6,152 registrations and a market share of 6.1% achieved an exceptionally successful progress in the motorcycle sector, occupying the third position between Japanese manufacturers in the group of 126 cc and above.

During 2007:

- 1) The absorption of the subsidiary company SFAKIANAKIS EMPORIKI S.A., which was active in the automobile retail sales sector as official distributor of the manufacturer BMW was completed and
- 2) The functional consolidation of the processes of Suzuki cars' retail sales by Personal Best S.A. in line with the principles adopted by the parent Company was realised.

As a result of the above, in the car retail sales sector, SFAKIANAKIS S.A. was active with 40 units of retail car and motorcycle sales and provision of specialized services, paint and body shops for the following makes Suzuki, Opel, Ford, Volvo, BMW, Cadillac, Corvette and Hummer, making the company the largest car retail sales network in Greece and one of the largest in European market.

Through the 40 selling points of SFAKIANAKIS Group of Companies 9,381 new cars and 1,764 used cars were sold, which represent sales of € 133.1 million and € 16.1 million respectively. In retail sector, sales of € 15.6 million were achieved coming from spare parts and € 6.1 million coming from services, paint and body.

QUOTATION OF FINANCIAL FIGURES

Herein below we quote the basic economic figures of both parent Company and Group companies, as presented in the published financial statements drawn up according to the International Financial Reporting Standards – IFRS and which are posted on the website www.sfakianakis.gr.

Group's fixed assets on 31.12.2007 amounted to € 178.1 million, and respectively Company's reached € 97.1 million. Total Group investments (fields, buildings, equipment) for 2007 reached € 54.7 million and € 12.3 million for the Company.

Group's equity presented an increase of 16.9% comparing to previous period and amounted to € 119.2 million against € 102.0 million. Parent Company's equity amounted to € 117.5 million against € 105.8 million on 31.12.2006.

Consolidated turnover reached € 441.2 million and the respective amount for the parent Company was € 358.1 million. Consolidated gross operating profit amounted to € 132.7 million while parent company's gross operating profit amounted to € 90.9 million.

Consolidated net profit before tax amounted to € 38.0 million and Company's net profit before tax reached € 36.7 million. Consolidated net profit after tax amounted to € 27.7 million and Company's net profit after tax reached € 27.4 million.

For further information concerning fiscal year 2007, ratios referring to company's financial performance are presented below:

RATIOS 2007		
	Όμιλος	Εταιρεία
Evaluation ratios		
Turnover	8,35%	51,95%
Earnings before tax	6,45%	-6,55%
Profitability ratios		
Net earnings before tax / turnover	8,62%	10,26%
Net earnings after tax /turnover	6,27%	7,65%
Return on equity	23,19%	23,32%
Net earnings before tax / equity	31,88%	31,27%
Gross profit / turnover	30,07%	25,37%
Financial leverage ratios		
Debt/equity (excluding minority rights)	3,88	2,41
Bank loans / equity	2,68	1,63
Financial leverage ratios		
Current assets/Total assets	0,58	0,61
Total liabilities / equity	3,88	2,41
Tangible and intangible assets / equity	1,49	0,83
Current assets /short term liabilities	0,98	1,14

The board of Directors suggests to the Ordinary Meeting of Shareholders the distribution of total dividend from earnings of fiscal year 2007 € 9.893.100 million that is € 0.25 per share which corresponds to a dividend yield of 3,13% based on the price of the share upon 31/12/2007.

DIFFERENT RELATIONS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks, such as changes in exchange rates, interest rates, market prices, credit risk and liquidity risk. The Group's general risk management plan focuses on the unpredictability of financial markets and aims to minimize their potential negative impacts on Group financial performance.

In financing sector Group's companies co-operate with most banks working in Greek market. The bilateral credit limits approved per bank reassure both to the parent and to other Group companies the required amounts for working capital and the signing of satisfying pricing agreements for the several banking activities have assisted all Group companies to restrain the financial cost of these activities. It should be mentioned that all Group companies maintain long-term and mutual beneficial corporations with all cooperating banks.

For the long-term and short-term financing with the cooperating banks parent company has given no real or other security. There is only an attachment of mortgage € 42,700,000 on company's assets for syndicated bonds of €87,000,000 only for the achievement of lower financial cost for those bonds.

Risk management is effected by the Group's central financial services which operate on the basis of specific rules approved by the Board of Directors.

The relations between the members of the Board of Directors, the managers of the Group companies and working staff are excellent and no labor problems occur. As result of these no judicial cases exist concerning labor affairs.

Market Risk

The Group operates in Greece and thus the greater part of Group's sales is generated in Euro. Concerning Group's purchases in Japanese Yen, practices of risk equalization are applied through forwards or pre-purchase of exchange.

Credit Risk

The greater part of sales are in cash or with customer bank financing and thus the Group is not exposed to credit risk.

Liquidity risk

Liquidity risk remains low given that adequate credit limits have been obtained from financial institutions and at the same time cash is at satisfactory levels. Effective cash flow management is utilized.

Interest rate fluctuation risk

The Group's borrowing liabilities are associated with floating interest rates.

SOCIAL RESPONSIBILITY

Group's administration is especially sensitive concerning the protection of the environment and believes that recycling is a substantial civilisation factor for our country. For these reasons all Group companies have included recycling products to recycling system and alternative packing administration aiming to the prevention of the creation of waste and the re-usage and the real usage of recycled packing.

With respect to social sensitivities, the Board of Directors decided to give in 2007 donations for the purchase of clinical machines to hospitals and Charitable institutions.

Moreover Group's administration in order to reinforce the attempt of the reformation of the environment after the recent fires and taking part in parallel to the general attempt of protecting the environment, decided:

1. For every Suzuki new car sale that will be made both by the company and by its official network all over Greece, to finance the purchase of a tree which will be planted to the injured by last summer fires regions of Peloponnesus. Given the fact that company's forecasts for Suzuki car sales amount to 17,000 units, it is expected the equivalent number of trees to be planted to the injured by the fire regions in an attempt to restore the lost natural richness.

2. The dispensation of household appliances to injured families through special programmes issued by the provisions of Ministry of Environment Planning and Public Works.

EXPLANATORY REPORT ACCORDING TO ARTICLE 4 PAR. 7 OF LAW 3556/2007

1. Structure of the Company's share capital.

The Company's share capital amounts to € 19,786,200 divided into 39,572,400 shares of a nominal value of € 0.50 each. The Company's shares are listed for trading in the Securities Market of the Athens Stock Exchange, under the "Large Capitalisation" classification. The Company's shares are common registered with voting rights. The rights and obligations deriving from the shares are those stipulated by the Law 2190/1920 in conjunction with Law 3556/2007. Company's shares are free for transfer and there are no restrictions pursuant to the Company's Articles of association and the Law concerning their transfer or possession.

Each share carries all the rights and obligations set out in law and in the Articles of Association of the Company which does not include stipulations more restricting than the Law. The possession of every share by each shareholder means de jure the acceptance of company's Articles of Association and the official decisions of shareholders' the General Meetings.

The liability of the shareholders is limited to the nominal value of the shares they hold. Shareholders participate to company's administration and earnings according to the law and the Articles of Association. The privileges and liabilities deriving from each share follow it to every universal or special successor of the shareholder.

Each share entitles the owner to one vote. Each shareholder has the right to participate in company's General Meetings either in person or by proxy. In order a shareholder to participate in the General Meeting should block the total or part of their shares through their Operator in the Dematerialized Securities System (D.S.S.) or the Central Security Depositor (C.S.D.), if the shares are registered in the special account, and submit the relevant Certificate of the Blocking of Shares along with the representation documents, five (5) days prior to the General Meeting, to the Company or to any other bank of Greece or to the Collateral and Loan Fund and subsequently submit the receipt document along with their representation documents to the Company's Head Office.

2. Restrictions on the transfer of the Company's shares.

The transfer of the Company's shares is affected in accordance with the Law and there are no restrictions on their transfer pursuant to the Company's Articles of association.

3. Significant direct or indirect participations in the sense of articles 9 till 11 of Law 3556/2007.

On 31.12.2007 the following shareholders possessed a percentage greater than 5% of total Company's voting rights: Miranta-Efstratia Sfakianaki 44.66%, Aikaterini Sfakianaki-Platia 26.44% and Stavros Taki 5.66%.

4. Holders of any type of a share that provide special rights of audit.

There are no shares of the Company that provide to their holders special rights of audit.

5. Restrictions on voting rights.

No restrictions on the voting rights deriving from the Company's shares are provided in its Articles.

6. Company's Shareholders' agreements.

The Company is aware of the agreement between its shareholders Mrs. Miranta-Efstratia Sfakianaki and Mrs. Ekaterini Sfakianaki-Platia dated 01/08/2007 according to which is regulated the right of preference in transferring shares, the exercise of the voting rights and the synergies for mayor Board of Directors' decisions.

7. Rules of appointment and replacement of Board members and amendment of Articles of association that deviate from those provided for in C.L. 2190/1920.

The rules provided in the Company's Articles regarding the appointment and replacement of its Board members as well as the amendment of its Articles do not deviate from those provided for in Codified Law 2190/1920.

8. Competency of the Board of Directors or some of its members to issue new shares or purchase owned shares.

According to the provisions of the article 5 of the Articles of the Company, and the decision of the General Meeting, which is subject to the publication requirements of article 7b of Codified Law 2190/1920 and within five years from its relevant decision, the Board of Directors of the Company is entitled by virtue of a decision adopted by a majority of at least two thirds (2/3) of the total number of its members a) to increase the share capital of the Company through the issuance of new shares. In such case, the share capital may be increased only up to the amount of the capital which is paid-up on the date of adoption of the decision by the General Meeting and b) to issue syndicated bond loan for amount that cannot exceed half of the capital which is paid-up on the date of adoption of the decision by the General Meeting through the issuance of bonds convertible to shares. In that case provisions of paragraphs 2 and 3 of article 3a of Codified Law 2190/1920 are applied.

9. Important agreements contracted by the Company, which will enter into effect, will be amended or will expire in case of change in the Company's control following a public offer and the results of this agreement.

There is no such an existing agreement apart from agreements of Syndicated Bonds that include usual terms for possible change of property control.

10. Agreements that the Company has contracted with the members of the Board of Directors or with its personnel, which provide for the payment of compensation in case of resignation or release without substantiated reason or in case of termination of their term or employment due to public offer.

There are no agreements of the Company with members of its Board of Directors or its personnel, which provide for the payment of compensation especially in case of resignation or release without substantiated reason or in case of termination of their term or employment due to a public offer.

TARGETS AND PERSPECTIVES

As announced since February 2008 13 new selling points of cars, motorcycles, spare parts and services, paint and body for makes FORD, VOLVO, FIAT, ALFA ROMEO and LANCIA have been consolidated to the Company, coming from the purchase of the retail activities of Kontellis group of companies.

In above mentioned activities it is expected to consolidate during April 2008 two more car retail selling points for make BMW coming from the purchase of the activities of Koulouris S.A.

After the completion of the above, in retail car selling sector SFAKIANAKIS group of companies will be active in 57 service points representing 11 manufacturers (Suzuki, Opel, Ford, Volvo, BMW, Fiat, Alpha Romeo, Lancia, Cadillac, Corvette and Hummer) occupying leading position in Greece to retail car selling sector aiming in 2008 to overcome the 30,000 units of new car sales (retail and wholesale).

Taking into account all the above mentioned Company's Board of Directors aims to the maintenance of the leading position of Group companies in the domestic market as well as to the activation of Group companies out of Greece.

Athens, 26.03.2008
FOR THE BOARD OF DIRECTORS
Stavros P. Taki
President and CEO

It is affirmed that the above report which consists of 6 pages is that referred to the independent auditor's report dated 27 March 2008.

Athens, 27th March 2008



Konstantinos P. Evaggelinos
Certified Public Accountant Auditor
SOEL Reg. No. 13151